

receipts for public transit, however. Therefore, the law stipulated that projects that were substituted for withdrawn Interstate routes had to be financed from general revenues, subject to appropriations, rather than from the Highway Trust Fund.

As more of the Interstate System has been built, and as budgetary pressures have increased, the uncertainty surrounding the financing of projects from Interstate withdrawals has also increased. For one thing, the Surface Transportation Assistance Act of 1978 stipulated that no substitutions could be approved after September 30, 1983. But probably more important, states withdrawing Interstate projects during this period of budgetary constraint face the risk that funds for the substitute projects will not be appropriated.

Since roads of predominantly local importance now account for roughly three-fourths of the cost of completing the Interstate System, their treatment is basic to solving the program's financial problems. While some of these costs are for roads that will probably be withdrawn, most are for routes that the states plan to build. The cost of completing the Interstate System could be substantially reduced if the program focused exclusively on routes of national importance. At the same time, this could greatly disrupt the plans of those states that have the largest shares of unbuilt, locally important roads.

In short, the dual national/local emphasis of the Interstate program, which has been its governing policy since 1956, has shifted complexion over time. First, in response to local concerns, a mechanism for withdrawing routes was devised, which implicitly recognized that certain, primarily local routes were dispensable. Now, in response to financial pressures, another policy change could further channel Interstate resources into those key routes that are integral to a national, interconnected system of roads.

The Administration highway bill, submitted during the previous session of the Congress, would have moved in this direction by directing the Secretary of Transportation to cut routes that:

... are not essential to the completion of a unified and connected Interstate system, are not considered cost effective from a transportation standpoint, or have the potential for extensive environmental disruption. 5

---

5. S. 841, introduced May 1981.

Although the Administration has not yet been presented details of this plan, its approach appears to use the concept of separate national and state responsibilities, as contained in President Reagan's new federalism proposals. The alternative roles of federal and state governments are treated in depth in Chapter V.

### THE FEDERAL-AID HIGHWAY ACT OF 1981

Recognizing the developing financial pressures and shifts in program priorities, the Congress took two major steps to redirect the program in the Federal-Aid Highway Act of 1981: it curtailed the large number of upgrading projects and it provided additional financing for growing repair needs. Prior to this act, the cost of completing the system was estimated to be \$53.8 billion (in 1979 dollars), \$25.3 billion of which was to upgrade existing routes. The 1981 act cut a substantial amount of this planned upgrading, thereby reducing the cost to complete to \$41.3 billion (or \$38.8 billion after allowing for projected route withdrawals).

The 1981 act also substantially increased the amount potentially available for repairs. A total of \$275 million was authorized for repairs in fiscal year 1981. The 1981 act increased this amount to \$800 million a year, and allowed these funds to be used either for repairs or for a new category called reconstruction (a catchall for all projects that are deleted from the planned Interstate System). Prior to the 1981 act, most reconstruction projects were mainly included in the complete system plan.

The creation of the reconstruction category was a device to facilitate reductions in the planned system. Through this mechanism any state that had projects deleted from its planned system was permitted to finance these projects as reconstruction, but federal funding would be limited to the state's share of the \$800 million.

This approach helps control costs since, unlike routes included as part of the planned Interstate network, a state cannot increase its share of the total federal funds simply by adding reconstruction projects to its highway plan. Instead, the combined repair and reconstruction program is funded by a formula based on lane miles and traffic. Thus, reconstruction work might or might not be undertaken, depending upon each state's priorities and how each elects to spend its repair and reconstruction funds.

When the 1981 act trimmed the cost to complete, it removed the relatively low-priority parts of the yet-to-be completed system, but made

them eligible for reconstruction funds. Not all can or should be built. But, by financing reconstruction out of the same category that funds basic repairs to essential national routes, there is some risk that the national system could be compromised in some states in which priority is given to reconstruction rather than repair. Nevertheless, the 1981 act initiated important steps to meet repair needs and to contain growth of the Interstate System.

## CURRENT SITUATION

Even with its improvements, the 1981 act did not resolve the basic financing problems of the Interstate program. At the current level of authorization for new construction, the system may never be completed, because continued high inflation could increase the remaining completion costs more rapidly than completion of projects can reduce them. Nor will the 1981 act keep the system in repair; CBO estimates that the amounts authorized for this purpose are less than half of what is needed. In addition, as reconstruction projects compete for whatever repair funds are available, the amount actually spent on repairs could be even smaller than it has been in the past.

Altogether, the Interstate System could cost more than \$80 billion (in 1979 dollars) between calendar years 1980 and 1990--\$38.8 billion to complete (after deleting \$2.5 billion in projected local route withdrawals), plus \$16 billion for repairs and \$26.4 billion for reconstruction (see Table 5). Federal authorizations would have nearly to triple in order to finance all of these costs. Such extraordinary budgetary demands have led to widespread concern about the costs of the Interstate highway program and to questions about whether it has grown beyond the means of the nation to support it.

Under current policy, as formulated in the Federal-Aid Highway Act of 1981, the federal government will devote \$3.6 billion annually to new construction and \$0.8 billion for repairs and reconstruction. These program levels appear grossly inadequate in view of the projected costs, which are described in detail in Appendix A. The mismatch between funding and costs is particularly apparent for repairs. The current authorization for repairs and reconstruction appears inadequate to finance repairs alone, not to mention reconstruction.

The current Interstate program is simply trying to do too much within the available authorizations. As a result, the system would not be completed by 1990; indeed, the system might never be completed unless authorizations are increased. At the same time, the need for repairs is

TABLE 5. INTERSTATE COMPLETION, REPAIR, AND RECONSTRUCTION COSTS, BY TYPE OF PROJECT, CALENDAR YEARS 1980 TO 1990 (In 1979 dollars)

	Cost (In billions of dollars)	Percent of Total Costs <u>a/</u>
Completion Costs		
New construction on sections not open to traffic		
Minimum construction necessary to open traffic		
Routes of national importance	6.2	7.6
Routes of local importance	14.1 <u>b/</u>	17.4
Additional safety and environmental improvements	3.0 <u>c/</u>	3.7
Sections currently under construction	2.8	3.4
Subtotal, new construction	26.1	32.1
Completion of open highways built in stages		
Additional pavement, lanes, and interchanges	1.4	1.7
Subtotal, stage construction	1.4	1.7

(Continued)

- a. Percentages may not add to subtotals because of rounding.
- b. Based on \$16.6 billion in routes of local importance (see Table 7 in Chapter III) minus \$2.5 billion in projected local route withdrawals.
- c. Of the \$3 billion shown, about \$1.3 billion is for existing construction plans and \$1.7 billion is projected from future plans to meet essential environmental provisions as required in the Federal-Aid Highway Act of 1981 (see Appendix A).

TABLE 5. (Continued)

	Cost (In billions of dollars)	Percent of Total Costs <u>a/</u>
Completion Costs (Continued)		
Upgrading highways open to traffic		
Interstate highways built with federal-aid funds		
Additional lanes and interchanges	3.5	4.3
Additional safety and environmental improvements	0.6	0.7
Interstate highways built without federal-aid funds		
Additional lanes and interchanges	5.6	6.9
Additional safety and environmental improvements	1.4	1.7
Subtotal, upgrading	11.1	13.7
Miscellaneous	0.2	0.2
Total, completion costs	38.8	47.8
Repair and Reconstruction Costs		
Basic repair (resurfacing, restoration, and rehabilitation) of Interstate highways and bridges	16.0	19.7
Reconstruction of Interstate highways and bridges	26.4	32.5
Total, repair and reconstruction costs	42.4	52.2
Total, all costs	81.2	100.0

increasing, and the funds for this purpose would fall far short of the mark. Authorizations for reconstruction projects permitted under current policy would be adequate to complete only a fraction of such projects, and, to the extent that reconstruction work is done, it would divert scarce resources from repair work.

Two bills recently reported by both the House of Representatives (H. R. 6211) and the Senate (S. 2574) take some initial steps to correct these problems. Both increase the resources devoted to repair. The Senate bill increases funding for repairs from \$800 million in fiscal year 1982 to \$1.1 billion in 1983; the House bill increases repair funding to \$2.1 billion. Neither bill reduces the amount for new construction nor increases highway user taxes, although the authorizations in the House bill are based upon the enactment of such an increase.

Continuation of the present Interstate program under current financing arrangements is inadequate. Nor do the current bills resolve this inadequacy permanently. Three types of actions could be taken, separately or in combination, to alleviate these problems:

- o Change current programs to reduce the amount of new construction and to increase the amount of repair work;
- o Increase highway user taxes; or
- o Transfer to the states other, non-Interstate highway programs that are now financed by the Highway Trust Fund and devote a larger share of trust fund receipts to the Interstate program.

These three options are examined in Chapters III, IV, and V, respectively.

---

## CHAPTER III. CHANGES IN PROGRAM EMPHASIS

---

The Interstate System faces large and increasing completion costs; declining growth in future receipts from road user taxes; continued inflation in general and escalating highway construction costs in particular; and sizable, rapidly increasing repair costs. To alleviate these financial problems, the highway program could be changed in several ways. For example, one possible alteration would be to restructure the Interstate program so as to hold down new construction costs, thereby freeing funds for needed repairs.

Other major alternatives would be to increase highway user taxes or to reduce federal spending on other highway programs and transfer those resources to the Interstate program. Alternatives of this sort are explored in Chapters IV and V. A practical solution to current Interstate problems would probably draw on all three types of financial relief. For simplicity, the program alternatives are discussed in this chapter and then combined with the other possible changes in later chapters.

### PROGRAM ALTERNATIVES

Three alternatives illustrate the range of program options open to the Congress:

- o Continue Current Programs;
- o Reduce the Interstate System to the Minimum System essential for completing routes of national importance; and
- o Build an Intermediate System with more locally important routes and upgrading projects than the Minimum System but fewer than the Current Programs option.

#### Continue Current Programs

Interstate Completion. As authorized by the Federal-Aid Highway Act of 1981, current programs call for the completion of all 2,310 miles of planned Interstate routes, of which 1,575 are not yet under construction, and

various upgrading projects. As defined in current programs, completion of the system would cost nearly \$40 billion, although present authorizations fall short of this amount.

Repairs and Reconstruction. The Federal-Aid Highway Act of 1981 also provides funds for repair and reconstruction of the Interstate System. Between calendar years 1980 and 1990, the estimated cost of projects eligible for reconstruction amount to \$26.4 billion, and projected repairs are expected to cost an additional \$16 billion (all in 1979 dollars). Under current legislation, \$800 million is provided annually in fiscal years 1982 and 1983 for repairs and reconstruction. These two activities are not financed separately; rather, states may select some combination of repair and reconstruction projects that reflects their own priorities.

Unlike completion of the planned Interstate System, for which there is a history of strong legislative commitment, reconstruction projects are often of lesser national importance, and there is less support for them. The inadequacy of current authorizations to fund all reconstruction projects reflects a federal policy of providing partial rather than full assistance for such activities.

Accordingly, this paper assumes that, under the continuation of the Current Programs option, funding for reconstruction would be set at a level sufficient to build half of all currently eligible reconstruction projects. Some states might view this arbitrarily selected level as restrictive, although it appears relatively generous compared to the levels set in the 1981 act, which provides funds for only about a quarter of all repair and reconstruction costs.

Similarly, it is assumed here that funding is provided for all repair costs, which will average around \$2.9 billion a year between now and 1990. Again, current authorizations fall far short of this amount, although increasing awareness of needed repairs will probably lead to higher repair authorizations in future years.

Table 6 shows the annual costs for planned current programs. The current authorization levels, however, are inadequate to finance these programs. The program levels shown in Table 6 would complete the Interstate, keep it in repair, and offer some assistance for reconstruction. Because the cost of this approach is so high, requiring \$10.2 billion a year, two less costly program alternatives--Minimum and Intermediate Systems--are discussed below.



TABLE 6. ANNUAL FEDERAL COSTS OF ALTERNATIVE INTERSTATE PROGRAMS, FISCAL YEARS 1983-1990 (In billions of current dollars)

Options	System Completion	Repair	Reconstruction <sup>a/</sup>	Total
Current Programs	5.1	2.9	2.2	10.2
Minimum System	1.0 <sup>b/</sup>	2.9	4.4	8.3
Intermediate System	2.2 <sup>c/</sup>	2.9	3.8	8.9

a. Assumes that the program level for reconstruction is set at an amount sufficient to fund half of the projects that would be eligible under each option.

b. Based on the following assumptions:

1. The cost to complete the Minimum System would be \$10.6 billion (in 1979 dollars) as of January 1980, of which \$9.5 billion is the federal share. Between January 1980 and September 1982, it is assumed that states would obligate approximately \$4.1 billion in federal funds on projects included in this option. As of October 1982, remaining costs to complete the Minimum System would be \$5.4 billion (in 1979 dollars).
2. In computing the required authorizations for future years, it is assumed that average annual inflation from fiscal years 1983 to 1990 will be 7 percent.

c. Based on the following assumptions:

1. The cost to complete the Intermediate System would be \$21.2 billion as of January 1980, of which \$19.1 billion is the federal share. Between January 1980 and September 1982, it is assumed that states would obligate approximately \$7.0 billion in federal funds on projects included in this option. As of October 1982, remaining costs to complete the Intermediate System would be \$12.1 billion (in 1979 dollars).
2. In computing the required authorizations for future years, it is assumed that average annual inflation from fiscal years 1983 to 1990 will be 7 percent.

### The Minimum System

One alternative to the Current Program option would be to construct only routes of national importance. Completion of this Minimum System would be the least costly Interstate program that could be developed without compromising the concept of a national, interconnected system. Such a policy might have resulted from an extremely strict interpretation of Administration proposals made last year. These would have eliminated certain upgrading projects and some unbuilt routes, although the particular routes and associated costs were not specified.

Interstate Completion. The Minimum System would cut the cost of completing the system from \$38.8 billion to \$10.6 billion in 1979 dollars (see Table 6, footnote b-1). It would concentrate federal aid on the estimated 931 miles of unbuilt segments that directly connect the nation's principal cities and industrial centers (\$6.2 billion), on stage construction of lanes and interchanges (\$1.4 billion), and on finishing routes that are already under construction and other related miscellaneous work (\$3 billion). Federal funding for upgrading highways that are open would be curtailed. In addition, this alternative would eliminate all routes not yet under construction that serve predominantly local or regional needs. In other words, only routes of national importance, roads already under construction, and stage construction of lanes and interchanges would be completed. Allowing for the possible effects of inflation, completing this plan by 1990 would require \$1.0 billion annually in federal authorizations (see Table 6).

Repairs and Reconstruction. Under the Minimum System, \$4.4 billion annually would be spent on reconstruction and \$2.9 billion on repairs. The increase in reconstruction funding would occur because, under the Federal-Aid Highway Act of 1981, projects that are removed from the complete system plan are eligible for reconstruction funding. As in the Current Program alternative, it is again assumed that half of all eligible reconstruction projects would be financed.

### Intermediate System

The Minimum System sketched above is useful in illustrating the savings that could be effected by completing only routes of national importance. Such an approach, however, would not honor long-standing commitments to routes of local significance that would be eliminated under the Minimum System. Many of these local routes serve important transportation needs in the areas involved, and some states have developed their road networks in anticipation of completing these routes. In order to obtain some of the

savings of the Minimum System and to achieve some shift of resources toward mounting repair requirements, the second alternative to Current Programs--called the Intermediate System--would use less stringent criteria in deleting local routes and upgrading projects from the completion plan. In particular, it would continue to construct all unbuilt route segments that have received federal design approval whether these routes are of national or local importance. The Intermediate System illustrates one way in which the federal government could balance the disruptive effects of program changes against the budgetary and federalism advantages of program reductions.

Interstate Completion. Some projects of local importance, which are not yet under construction, have extensive, often controversial, histories. It would be very difficult at this stage, therefore, to drop these projects on the grounds that they lack national significance. It took ten years of planning and public hearings, for example, to reach a local decision on the need for and the alignment of New York's I-478 Westway Highway project in Manhattan. In September 1981, President Reagan finally gave federal approval for land purchase and preparation for construction. Similarly, some of the additional lanes (upgrading) that would be cut under the Minimum System option are needed to bring two-lane highways, like the West Virginia Turnpike, up to the four-lane standard now prevalent on most Interstate routes. Federal commitments to add these lanes were made many years ago when existing routes were first incorporated into the system and in 1963 when a minimum of four lanes was established as the standard for Interstate highways. The Intermediate System would include not only roads of recognized national importance but also other routes that have received design concept approval and are, therefore, close to the construction phase.<sup>1/</sup> In addition, the Intermediate System would finance the cost of adding lanes and interchanges to all two-lane Interstate routes. It would not cover the costs of rest areas, noise barriers, bicycle facilities, and other amenities, however. With these adjustments, the Interstate System would cost \$21.2 billion to complete (see Table 6, footnote c-1). About \$2.2 billion in annual federal authorizations would be required to complete the Intermediate System by 1990.

Repairs and Reconstruction. As in the Minimum System plan, projects dropped from the completion plan would be eligible for federal funding under the reconstruction program. If half of these are funded, \$3.8 billion

- 
1. Roads that have received design concept approval represent about 60 percent of the total required to complete unbuilt routes.

annually would be required for reconstruction. As under the other alternatives, \$2.9 billion per year would be allocated for repairs.

### EFFECTS OF THE PROGRAM ALTERNATIVES

The effects of these program alternatives can be evaluated by several criteria:

- o The basic program objective of completing a national, interconnected system;
- o Budgetary effects;
- o State and local effects;
- o National defense considerations; and
- o The time required to complete the Interstate System.

### Complete a National, Interconnected Highway System

The objective of the Interstate System, as articulated when the system was first approved in 1944, is to:

Connect by routes, as direct as practicable, the principal metropolitan areas, cities and industrial centers, and serve the national defense. 2/

During the late 1940s and early 1950s, before financing for the Interstate System had been fully developed, this objective was debated extensively. A resolution of the federal role was incorporated into the 1956 highway act, which created the present Interstate highway program. This act permitted urban routes into, as well as around, principal cities, but the rationale for basic route selection was to connect these cities. 3/

---

2. Federal-Aid Highway Act of 1944.

3. Gary T. Schwartz, "Urban Freeways and the Interstate System," Southern California Law Review, vol. 49, no. 3 (March 1976).

In the intervening years, both the desirability and the affordability of local Interstate highways have changed. As noted earlier, the 1973 highway act allowed for transit projects to be substituted for certain local Interstate routes, and in recent years authorizations have been insufficient to finance all current Interstate programs.

In view of these changes, the extent of federal interest in different segments of the system offers one criterion on which to decide which parts of the system are federal responsibilities and which parts might be transferred to the states. In particular, it is useful to distinguish between two types of routes:

- o Routes of national importance that directly connect the nation's principal cities and industrial centers.
- o Routes of local importance that are not needed to link principal cities, but instead link one or more locations of regional importance or improve traffic circulation within a specified self-contained area.

While these classifications are somewhat judgmental, most routes fall rather clearly into one category or the other, making this distinction a useful tool for exploring how much of the unbuilt system is essential for an interconnected, national network. <sup>4/</sup>

Roads of National Importance. Of the 1,575 miles of Interstate highways that are neither built nor under construction, about 60 percent are of national importance (see Table 7). For example, a 40-mile gap in I-70 in rural Utah is classified as nationally important because it breaks the Interstate connection between Denver and Los Angeles and other southwestern points. Across the nation there are 951 miles of incomplete Interstate routes that CBO has similarly classified as having national importance. Most of these routes are concentrated in the South, the Southwest, and the Rocky Mountain states, as shown in Figure 2.

Although routes of national importance represent over 50 percent of the unbuilt Interstate System, they account for only 27 percent of total new construction costs. This share differs radically from state to state, as shown in Figure 3. In Maryland, for example, less than 2 percent of new construction costs stems from gaps of national importance. By contrast, all new construction costs in West Virginia and South Dakota stem from gaps in routes that serve chiefly national needs.

---

4. The Congressional Budget Office has used these classifications for purposes of analysis in this report.

TABLE 7. COST TO BUILD AND LENGTH OF INTERSTATE ROUTES  
NEITHER OPEN NOR UNDER CONSTRUCTION <sup>a/</sup>

	Cost of Unbuilt Routes (In billions of 1979 dollars)	Length of Unbuilt Routes
Routes of National Importance	6.2	951
Routes of Local Importance	<u>16.6</u>	<u>624</u>
Total	22.8	1,575

SOURCE: Congressional Budget Office.

- a. Excluding about \$1.3 billion in additional safety and environmental improvement identified with existing construction plans.

Roads of Local Importance. About 40 percent of unbuilt Interstate highway mileage is of predominantly local importance. These segments occur along routes that are not part of the network needed to link principal cities together, but rather link facilities of regional importance or improve traffic circulation in congested urban areas. Included here are approximately 186 miles of beltway segments and 218 miles of local spurs that are not yet under construction. These roads of local importance represent 73 percent of the cost to complete all unbuilt Interstate mileage, because numerous unbuilt local segments are located in large urban areas, where construction costs are high, averaging about \$35 million per mile.

None of the three options examined in this report would drop unbuilt routes that are needed for a national, interconnected system of roads. Both

Figure 2.  
Cost to Complete Interstate Highways, by Region and Category  
(In millions of 1979 dollars)

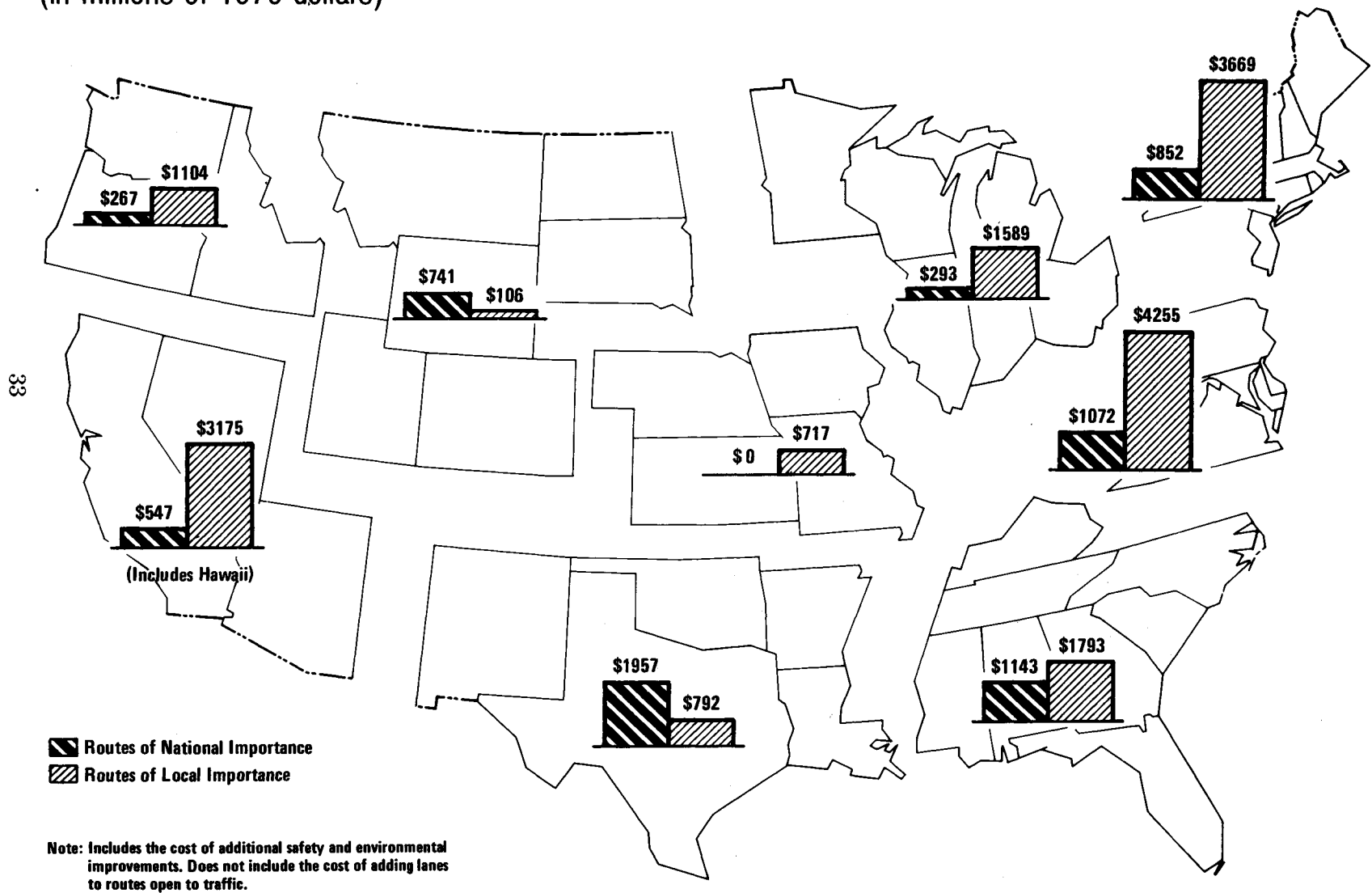
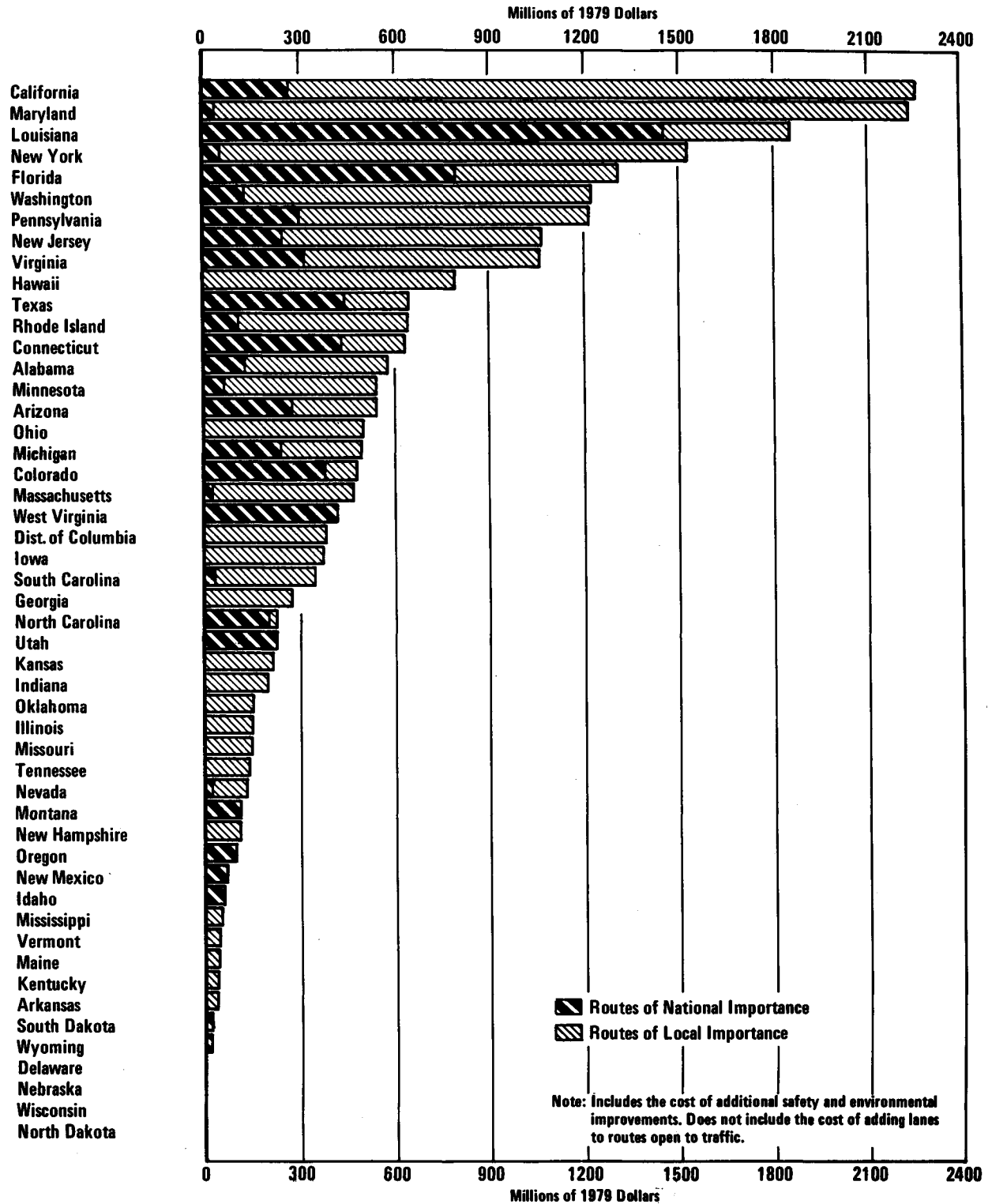


Figure 3.

# Cost to Complete Interstate Highways, by State and Category





the Minimum and the Intermediate Systems would cut some unbuilt local roads, but they retain all routes of national importance. <sup>5/</sup>

By dropping 624 miles of unbuilt route segments of local importance, the Minimum System option would save over \$16 billion (in 1979 dollars) in total completion costs compared to the Current Program plan. These deletions affect primarily eastern and midwestern portions of the system; effects would differ sharply from state to state, however, as indicated in Figure 4. While most states would lose some mileage, seven states--California, Indiana, Maryland, New Jersey, Pennsylvania, Rhode Island, and Texas--would lose nearly 40 percent of the total number of miles deleted.

Under the Intermediate System option, local routes with federal approval for construction (that is, local routes that have received design concept approval) would not be dropped from the completion plan. Unbuilt segments to be dropped from the plan under this approach fall to about 250 miles, for a cost saving of over \$7 billion (in 1979 dollars).

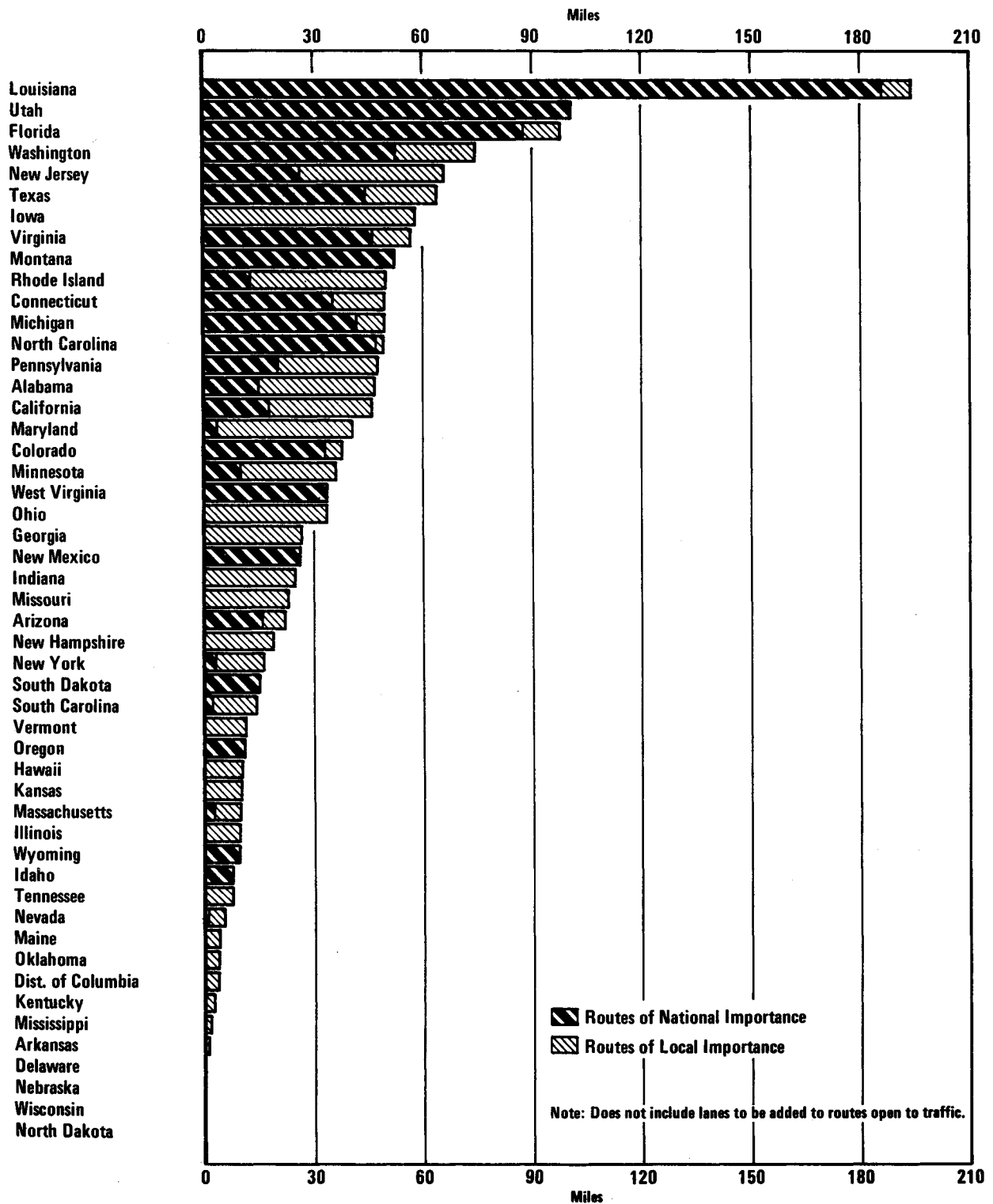
In summary, both alternatives to the Current Program option would complete nationally important Interstate routes. The Minimum System would focus exclusively on routes of national importance, cutting some projects for which firm federal commitments have previously been made. The Intermediate System option would cut only those unbuilt sections that have not already received federal approval for construction and those lanes that would exceed minimum Interstate standards in rural and urban areas.

### Budgetary Effects

The three program alternatives considered in this report would cost from \$8.3 billion annually (Minimum System) to \$10.2 billion annually (Current Programs) through 1990. These costs would far exceed the \$4.4 billion authorized for the Interstate program in fiscal year 1983, and they demonstrate the intense budgetary pressures on authorizations under current policies.

- 
5. The Administration proposal made last year would drop some unbuilt routes, but only those that the Secretary of Transportation finds are not cost-effective, not part of a unified, interconnected system, or environmentally disruptive. The effect of these three conditions on the 1,575 miles of unbuilt routes is uncertain, but the language clearly intends to include all routes that are essential to a national, interconnected route system.

Figure 4.  
Miles of Interstate Highways Not Open to Traffic, by State and Category.



Although the Interstate highway program is, like most other highway programs, financed by fuel taxes and other user fees that flow into the Highway Trust Fund, the Interstate program is subject to budgetary pressures similar to those faced by nonhighway programs--any shortfall between highway outlays and highway revenues adds to the federal deficit. Therefore, highway programs have been limited in recent years by "obligation ceilings"--legislation that restricts the total amount of new obligations that can be accumulated in a given year. In addition, non-Interstate highway projects that are substituted for withdrawn Interstate segments are financed from general revenues and thus compete directly with other federal programs for limited resources.

Two other factors have intensified the budgetary pressures on Interstate highway funds. In recent years, inflation in highway construction costs has exceeded the rate of inflation generally, and the need for Interstate System repairs has grown.

The alternative programs presented here could help relieve budgetary pressures in two ways. First, redefining system completion in a way that would exclude some projects would help to hold down total program costs. Continuation of Current Programs would cost \$10.2 billion annually; the Minimum System, \$8.3 billion; and the Intermediate System, \$8.9 billion. Second, isolating the completion of the core system and essential repair needs from reconstruction work would restructure the program so that essential, nationally important parts of the program would be separated from less essential ones. Should future budgetary pressures require, this program structure would permit reconstruction activities to be scaled back without interfering with the most crucial elements needed to complete the Interstate System.

Alternatively, the Congress could continue to authorize much less than is needed to complete the system, keep it in repair, and reconstruct parts of it. Continued deferral of repairs is not necessarily more economical in the long run, however. Nor does deferring completion of gaps in the interconnected national network save money, assuming that the Congress is committed to completing such gaps at some point. Reconstruction projects are the logical ones to limit if budgetary pressures preclude doing everything that the program is trying to do. Indeed, the approach embodied in all three options--that is, fund only half of all eligible reconstruction projects--could be made significantly more restrictive, if necessary. For example, the cost of the Minimum System could be reduced from \$8.3 billion to \$5.8 billion annually if only one-quarter of all reconstruction projects were built. Somewhat similar results could be obtained by reducing federal matching funds for reconstruction projects, as described in Chapter VI.

### Effects on States and Localities

Any attempt to refocus the Interstate program on national needs would probably affect the states unevenly. Continuation of the Current Program option would create the fewest equity problems among the states. The Minimum System would create the most problems, particularly by cutting projects that have been the object of intense local debate and hard-won federal commitments. The Intermediate System would fall somewhere between the other two options in its potential inequities. The creation of the reconstruction category to cover projects that are cut from the complete system design could help compensate states for some of their financial losses, both through its funding and the added flexibility it provides. As noted above, however, this would be the most logical program to cut in order to reduce the costs of completing the system.

Redirection of the Interstate program, with its long history of state and federal interrelated actions, would be complicated by the diversity of approaches taken by individual states and by the many unique situations that have arisen. In this regard, four issues stand out:

- o Large states with a disproportionately large number of Interstate miles took longer to build them, and cutting the program now could affect these high-mileage states in a manner perceived to be unfair.
- o Program reductions could penalize states that first completed their nationally important routes before turning to locally oriented Interstate projects.
- o Some states built, at their own expense, roads that were later incorporated into the Interstate System. As part of the program agreement, such roads were eligible for federal funds to upgrade them to Interstate standards. By curtailing reconstruction activities now, states that contributed locally financed roads could be left with a disproportionate share of costs.
- o If a state does not use all federal apportionments within two years, under the requirements of the 1978 highway act, the funds lapse and are placed in a pool for use by other states. To date, a total of \$2.4 billion has been reissued in this fashion. Deleting projects from the completion plan now could mean that states which have let apportionments lapse would lose them permanently.